



# Estimated State Tax Revenue

Tennessee Department of Revenue

December 11, 2014

# Fiscal Year 2014 Tax Revenue

## COMPARISON OF ACTUAL ACCRUAL STATE TAX REVENUE

### DEPARTMENT OF REVENUE TAXES

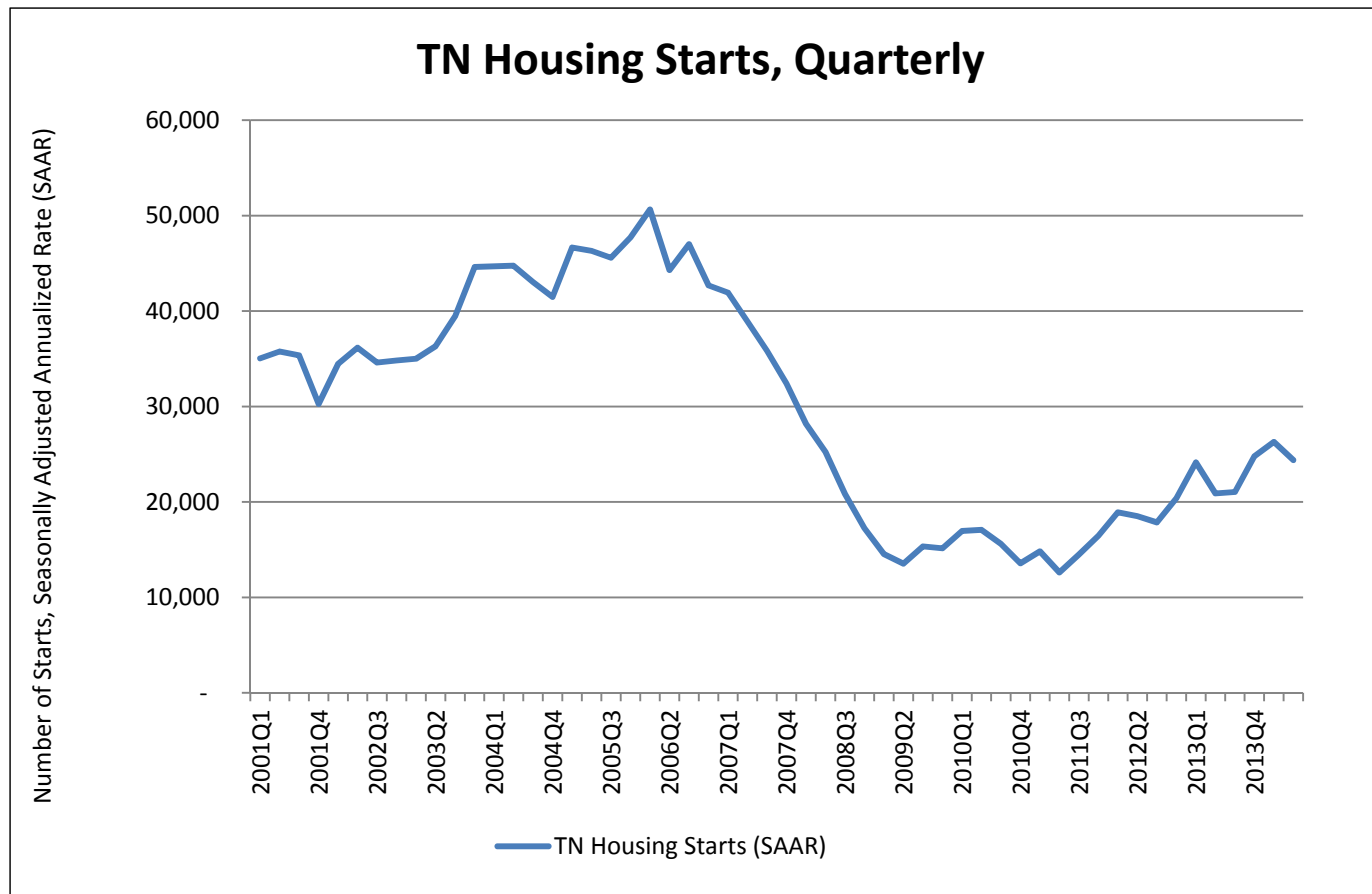
#### YEAR OVER YEAR COMPARISON

	Fiscal Year 2013	Fiscal Year 2014	% Change	Tax Weight	Total % Point Contribution
Sales and Use Tax	\$ 7,012,028,700	\$ 7,286,164,500	3.91%	60.13%	2.35%
Hall Dividend & Interest Tax	233,418,800	239,316,300	2.53%	2.00%	0.05%
Corporate Franchise and Excise Tax	2,020,504,700	1,858,638,300	-8.01%	17.33%	-1.39%
Inheritance and Estate Tax	110,627,500	107,701,400	-2.65%	0.95%	-0.03%
Other	2,284,531,700	2,252,890,400	-1.39%	19.59%	-0.27%
<b>TOTAL ACCRUAL REVENUE</b>	<b>\$11,661,111,400</b>	<b>\$11,744,710,900</b>	<b>0.72%</b>	<b>100%</b>	<b>0.72%</b>

\*Data from F&A

# Housing

- Housing Starts increased 15.8% from FY 2013 – FY 2014
- By the end of Fiscal Year 2015, housing starts are expected to have increased 11% from a year earlier



# Tax Implications

Direct Revenue Implications of Increased Housing Activity (Most Recent 6 Month Data)

Growth is presented as year over year (YOY)

## Sales Tax Collections from Building Materials

	Collections	YOY % Growth	YOY \$ Growth
May	\$ 39,694,299	4.95%	1,871,858
June	37,280,380	2.20%	803,902
July	37,080,500	3.71%	1,327,699
August	34,388,431	6.73%	2,167,020
September	30,839,165	4.15%	1,227,955
October	34,845,363	9.33%	2,973,059
		<b>5.09%</b>	<b>10,371,493</b>

## Sales Tax Collections from Furniture & Home Furnishings

	Collections	YOY % Growth	YOY \$ Growth
May	17,643,102	5.69%	949,917
June	17,646,524	0.39%	68,637
July	20,995,533	8.26%	1,601,186
August	17,836,882	0.56%	99,826
September	19,839,746	5.16%	974,021
October	21,057,166	17.10%	3,074,768
		<b>6.25%</b>	<b>6,768,355</b>

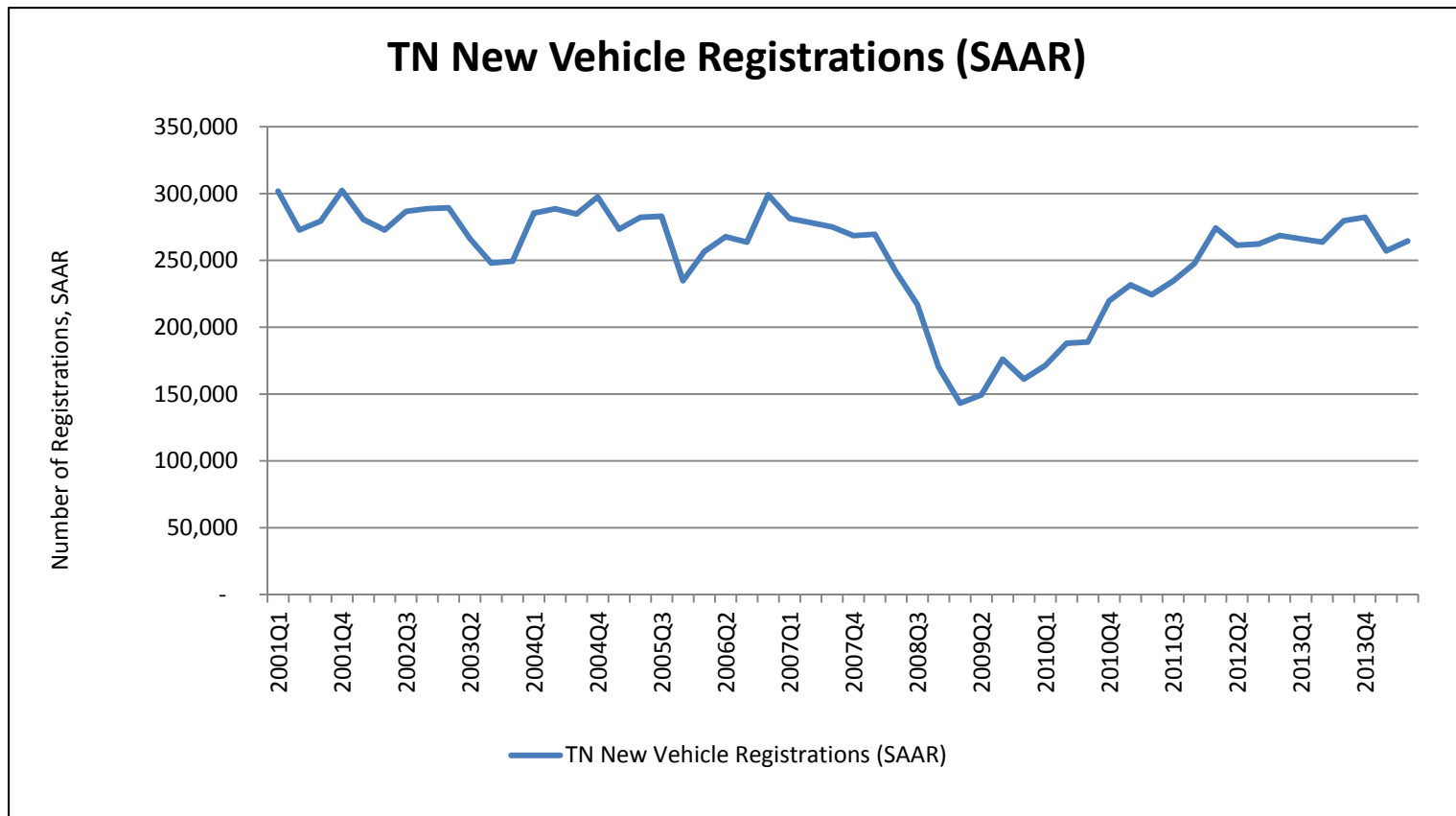
## Privilege Tax Collections from Realty Transfer

	Collections	YOY % Growth	YOY \$ Growth
May	10,392,570	17.81%	1,571,278
June	9,239,317	2.22%	200,473
July	11,038,851	40.22%	3,166,379
August	12,804,696	1.36%	171,598
September	10,951,174	5.20%	541,548
October	10,811,635	18.65%	1,699,364
		<b>12.70%</b>	<b>7,350,640</b>

<b>6 Month Total Growth</b>	<b>6.62%</b>	<b>24,490,488</b>
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# Automotive

- New Vehicle Registrations increased 2.2% from FY 2013 – FY 2014
- By the end of Fiscal Year 2015, new vehicle registrations are expected to have increased nearly 5% from a year earlier



# Tax Implications

## Revenue Implications of Increased Motor Vehicle Sales (Most Recent 6 Month Data)

### Growth Is Presented as Year Over Year (YOY)

#### Sales Tax Collections from Motor Vehicle Dealers, New & Used

	Collections	YOY % Growth	YOY \$ Growth
May	\$ 42,466,219	2.71%	1,120,873
June	48,609,579	18.07%	7,437,829
July	43,534,235	3.37%	1,418,589
August	47,809,512	4.38%	2,006,216
September	50,274,311	7.12%	3,342,383
October	44,451,638	11.29%	4,508,265
		<b>7.71%</b>	<b>19,834,155</b>

#### Sales Tax Collections from Motor Vehicle Dealers, Used

	Collections	YOY % Growth	YOY \$ Growth
May	13,245,238	1.82%	236,498
June	13,765,950	8.00%	1,019,473
July	12,785,420	4.24%	519,590
August	13,536,372	3.40%	445,574
September	14,276,030	6.75%	902,759
October	13,150,468	10.19%	1,215,935
		<b>5.68%</b>	<b>4,339,829</b>

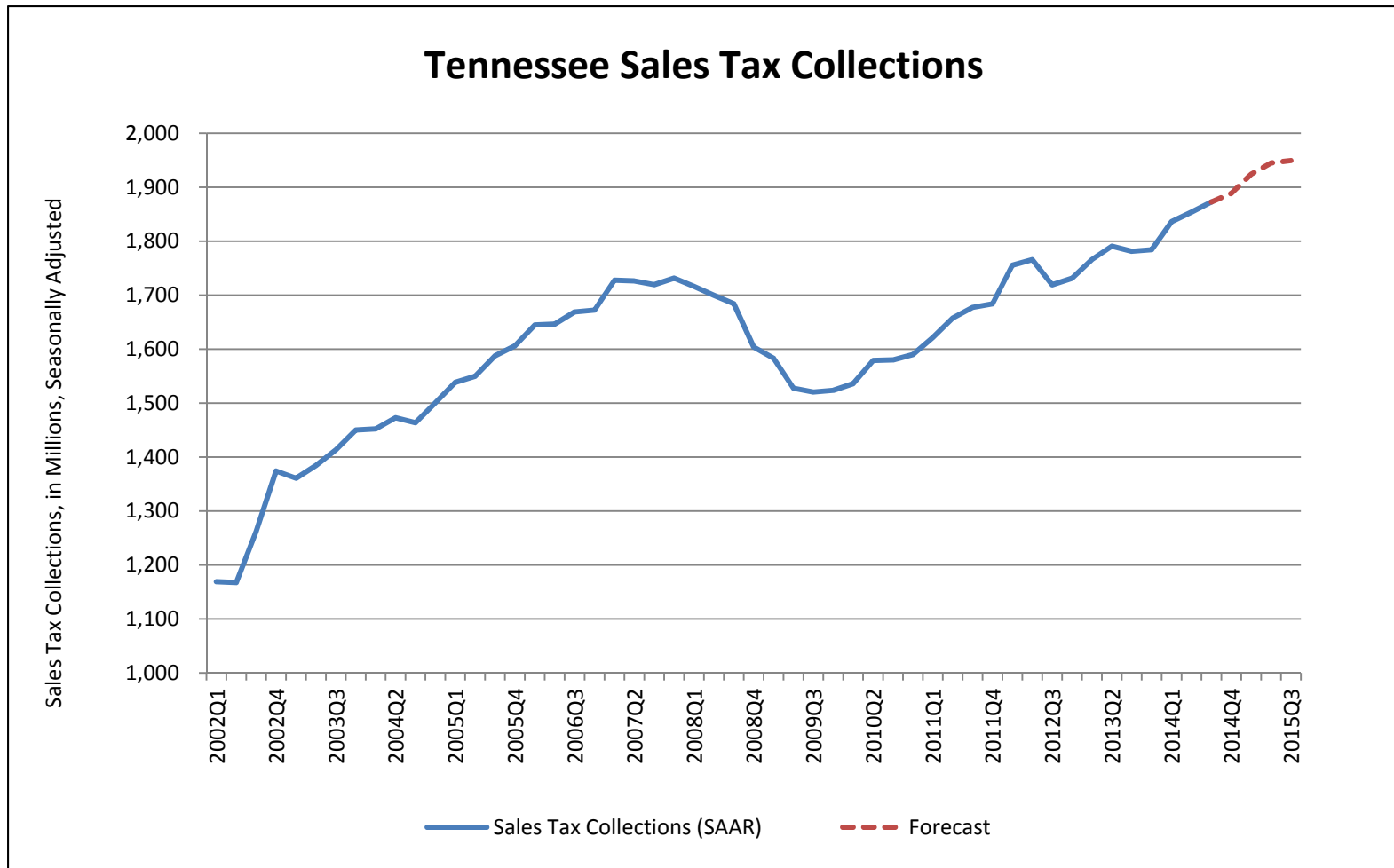
#### Sales Tax Collections from Motorcycle & All Other MV Dealers

	Collections	YOY % Growth	YOY \$ Growth
May	4,543,994	3.41%	149,962
June	5,123,027	9.13%	428,574
July	4,604,793	-2.69%	(127,156)
August	4,641,126	5.85%	256,394
September	4,528,475	2.96%	130,390
October	4,463,862	18.17%	686,469
		<b>5.78%</b>	<b>1,524,633</b>

<b>6 Month Total Growth</b>	<b>7.14%</b>	<b>25,698,617</b>
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# Sales

- Sales tax collections increased 3.91% from FY 2013 – FY 2014
- By the end of Fiscal Year 2015, sales tax collections are expected to have increased 5.17% from a year earlier



# Tax Implications

## Direct Revenue Implications of Increased Sales Collections (Most Recent 6 Month Data)

Growth is presented as year over year (YOY)

### Sales Tax Collections from Eating & Drinking Places

	Collections	YOY % Growth	YOY \$ Growth
May	\$ 60,293,031	2.89%	1,695,022
June	62,816,253	5.04%	3,013,212
July	63,732,632	4.89%	2,973,465
August	62,952,931	7.26%	4,261,685
September	63,086,971	7.34%	4,315,315
October	62,123,216	7.56%	4,363,918
		<b>5.82%</b>	<b>20,622,617</b>

### Sales Tax Collections from Hotels & Lodging Places

	Collections	YOY % Growth	YOY \$ Growth
May	16,384,673	37.65%	4,481,376
June	15,865,078	7.12%	1,054,999
July	18,998,570	7.85%	1,382,075
August	19,082,221	27.93%	4,166,611
September	17,131,143	13.51%	2,038,954
October	16,487,319	14.97%	2,146,350
		<b>17.22%</b>	<b>15,270,365</b>

### Mixed Drink (Liquor-by-the-Drink) Tax Collections

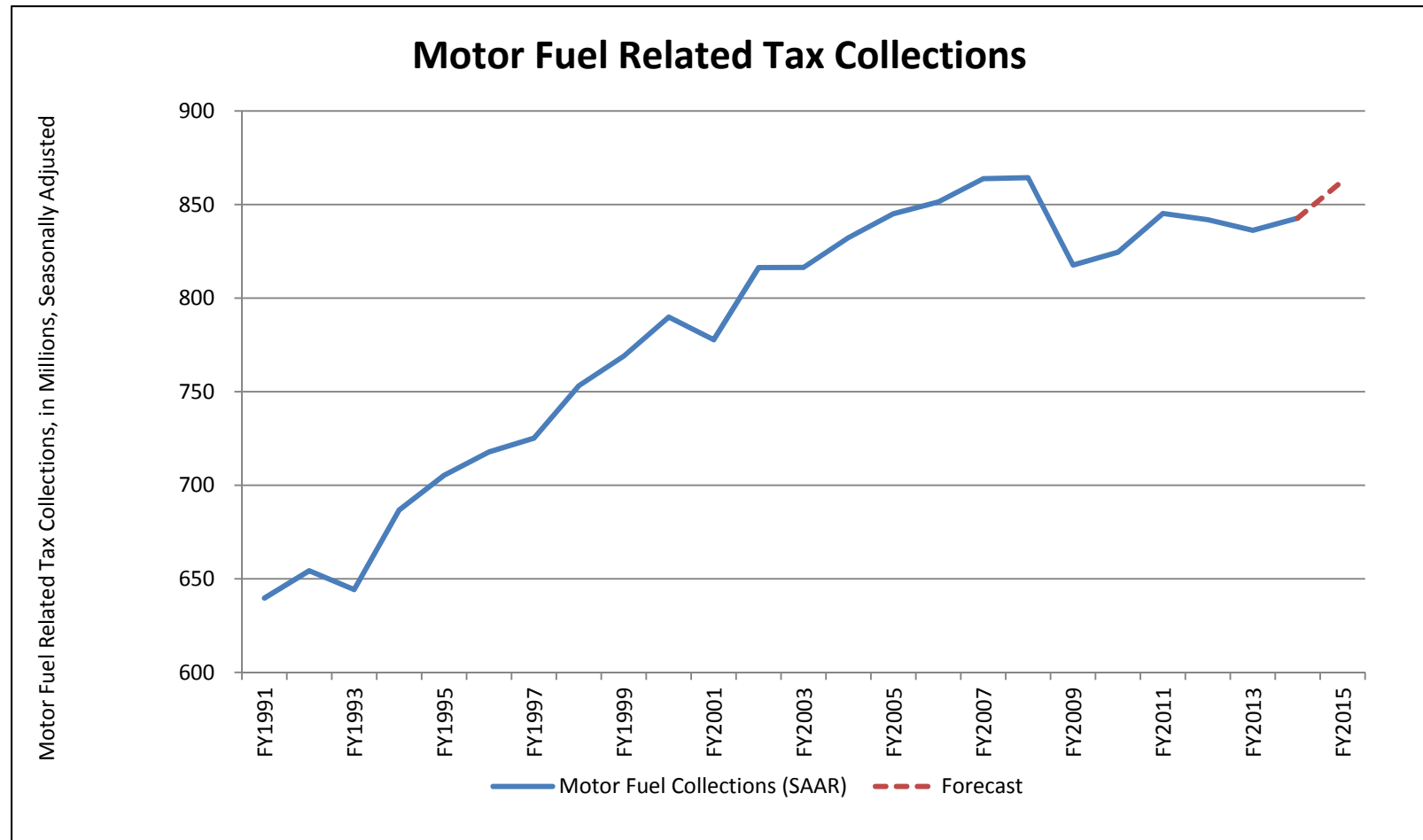
	Collections	YOY % Growth	YOY \$ Growth
May	6,651,129	3.44%	221,405
June	7,645,345	20.67%	1,309,672
July	7,005,820	10.73%	678,833
August	6,554,329	19.84%	1,084,900
September	7,032,597	11.69%	736,296
October	6,859,793	15.37%	914,027
		<b>13.44%</b>	<b>4,945,132</b>

<b>6 Month Total Growth</b>	<b>8.51%</b>	<b>40,838,114</b>
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# Motor Fuel Related Collections\*

- Motor fuel related tax collections increased 0.98% from FY 2013 – FY 2014
- By the end of Fiscal Year 2015, motor fuel related tax collections are expected to have increased 2.31% from a year earlier



\*Motor fuel related tax collections include collections from the gasoline tax, the motor fuel tax, and the petroleum special tax.

# Tax Implications

Direct Revenue Implications of Increased Motor Fuel Related Collections (Most Recent 6 Month Data)

Growth is presented as year over year (YOY)

## Sales Tax Collections from Gasoline Services Stations

	Collections	YOY % Growth	YOY \$ Growth
May	\$ 9,493,181	13.61%	1,136,903
June	10,566,187	18.19%	1,626,044
July	10,378,494	12.21%	1,129,732
August	10,880,691	15.17%	1,433,397
September	10,692,468	11.82%	1,129,881
October	10,184,311	9.75%	905,146
		<b>13.42%</b>	<b>7,361,103</b>

## Gasoline Tax Collections

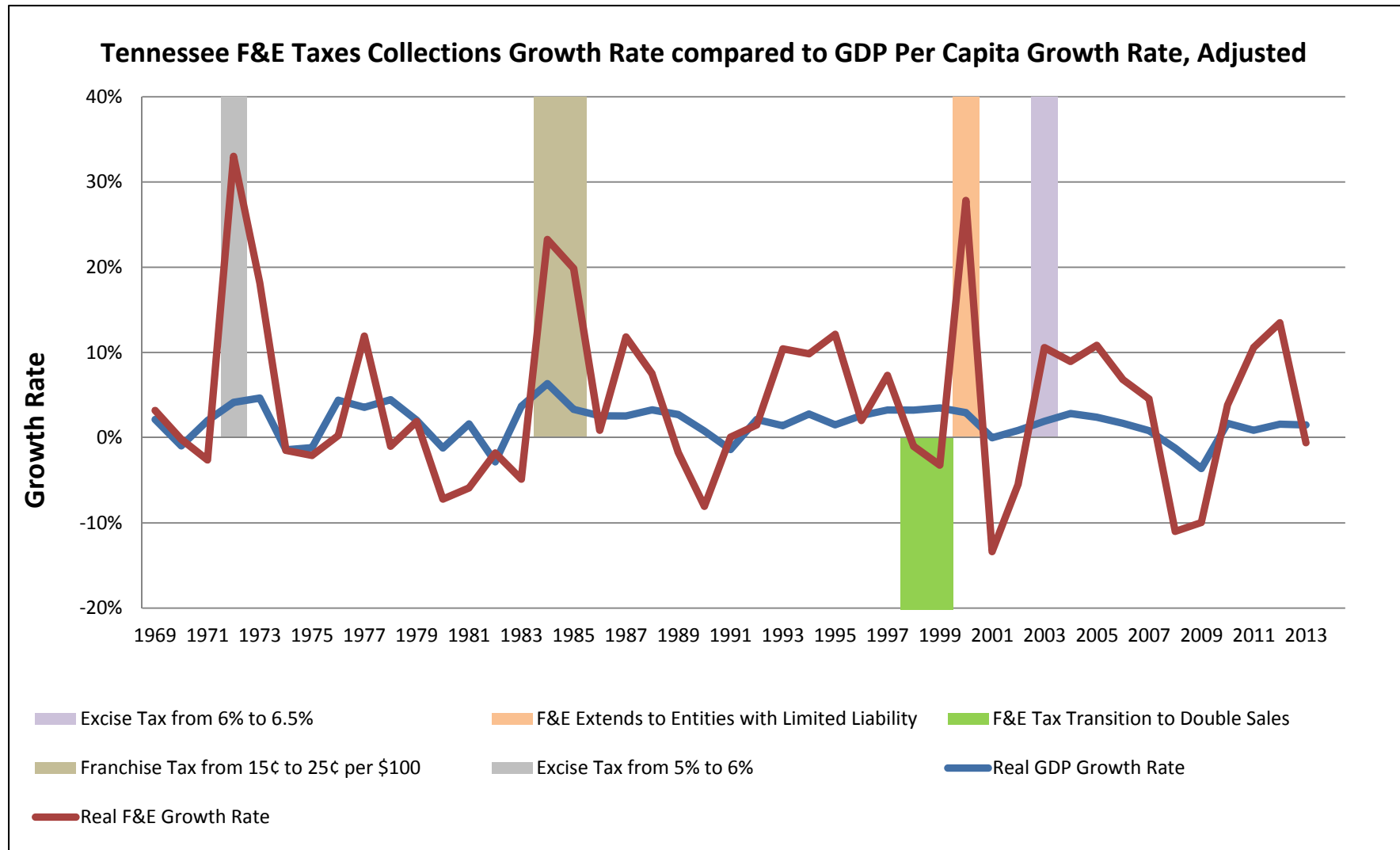
	Collections	YOY % Growth	YOY \$ Growth
May	55,012,456	7.74%	3,950,941
June	57,019,598	5.53%	2,989,816
July	54,758,559	-4.63%	(2,658,873)
August	53,374,194	5.38%	2,725,170
September	53,851,542	2.54%	1,334,262
October	51,725,608	8.67%	4,127,012
		<b>3.98%</b>	<b>12,468,328</b>

## Motor Fuel Tax Collections

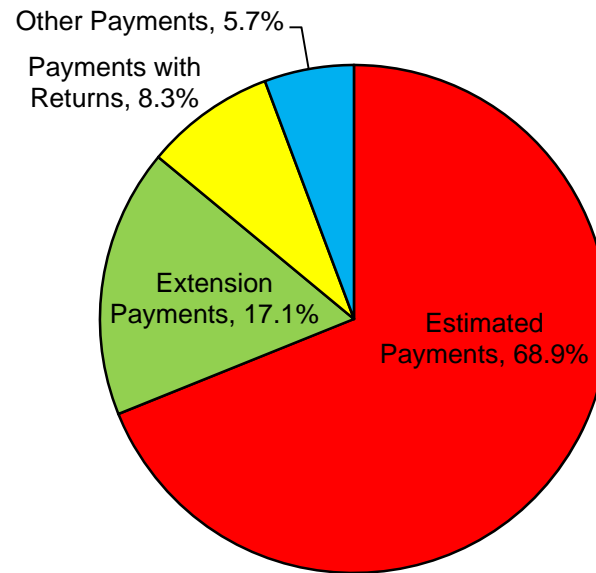
	Collections	YOY % Growth	YOY \$ Growth
May	12,678,680	11.47%	1,304,132
June	14,338,356	0.84%	119,362
July	15,387,364	0.78%	118,835
August	11,628,068	2.72%	308,058
September	14,360,836	3.87%	535,703
October	16,022,968	4.45%	682,744
		<b>3.77%</b>	<b>3,068,834</b>

<b>6 Month Total Growth</b>	<b>5.09%</b>	<b>22,898,265</b>
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# Franchise and Excise Tax Volatility



# Makeup of F&E Payments\*



\*Percentages based on payments made by taxpayers for Fiscal Years 2010 through 2014.

# F&E Payment History

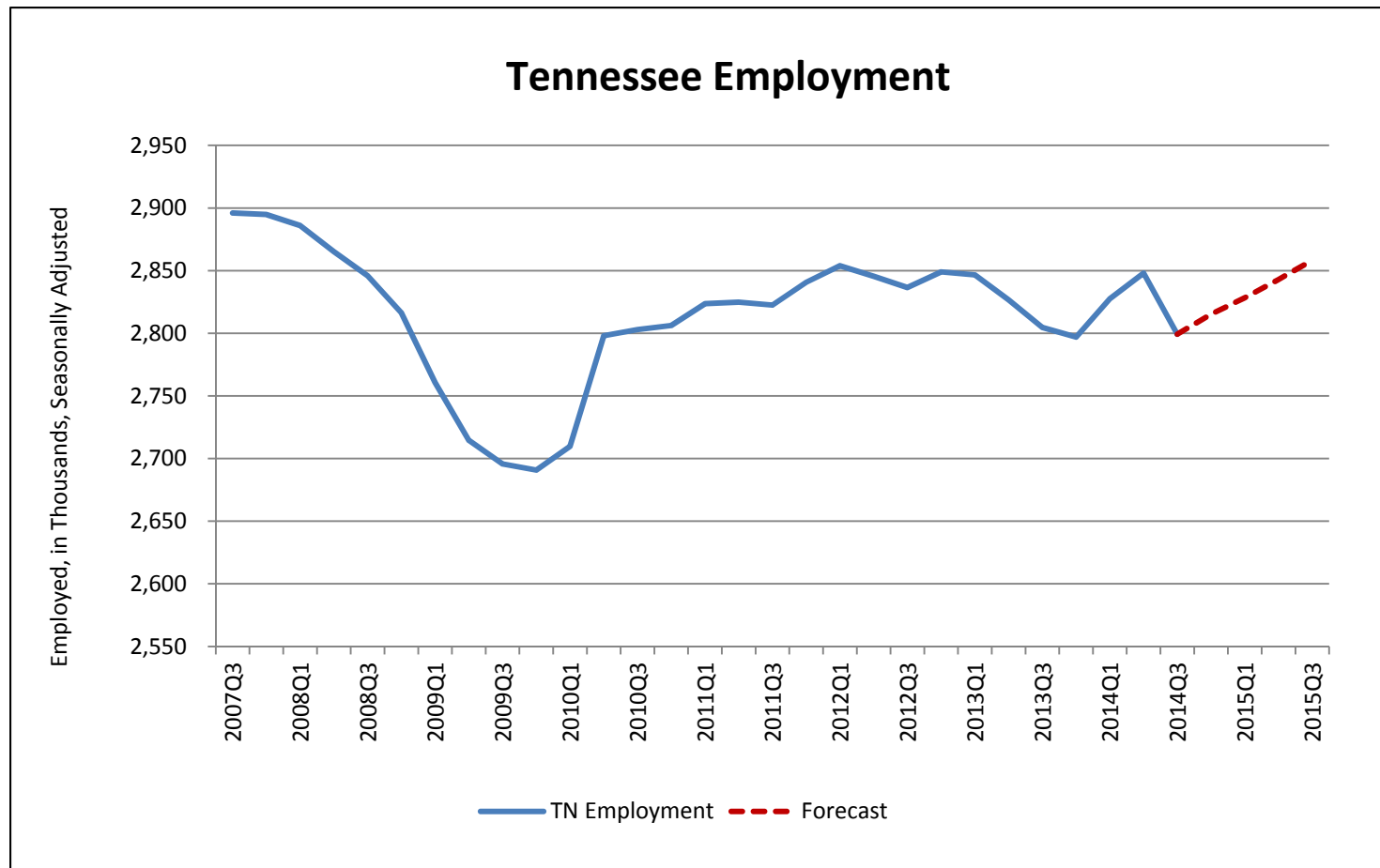
FY	Month	Franchise Return	Excise Return	Net Estimated Payments	Reported Total
2012	Jul-11	33,642,996	67,285,019	(50,541,766)	50,386,250
2012	Aug-11	14,394,528	25,013,369	(5,533,588)	33,874,310
2012	Sep-11	78,815,700	97,589,867	76,355,390	252,760,957
2012	Oct-11	225,433,452	350,397,654	(540,741,198)	35,089,907
YTD Jul-11 thru Oct-11		352,286,677	540,285,909	(520,461,162)	372,111,424
2012	Nov-11	38,111,098	45,382,754	(42,778,508)	40,715,343
2012	Dec-11	21,251,728	29,940,322	206,153,785	257,345,835
2012	Jan-12	45,475,221	63,656,084	48,196,381	157,327,685
2012	Feb-12	16,730,167	24,333,906	(1,310,368)	39,753,705
2012	Mar-12	38,486,456	42,081,598	111,475,671	192,043,725
2012	Apr-12	17,650,359	68,259,816	291,988,967	377,899,142
2012	May-12	79,658,723	85,851,105	(124,936,181)	40,573,647
2012	Jun-12	35,039,720	44,636,736	294,678,884	374,355,341
FY 2012 Total		644,690,149	944,428,230	263,007,469	1,852,125,847
2013	Jul-12	31,484,600	74,758,295	(51,505,961)	54,736,934
2013	Aug-12	26,397,631	27,565,779	(18,519,838)	35,443,573
2013	Sep-12	87,030,347	121,664,794	100,449,176	309,144,317
2013	Oct-12	237,513,821	402,220,493	(574,595,214)	65,139,101
YTD Jul-12 thru Oct-12		382,426,400	626,209,361	(544,171,837)	464,463,924
2013	Nov-12	29,567,200	37,976,757	(41,014,411)	26,529,546
2013	Dec-12	39,837,384	49,574,984	153,601,247	243,013,615
2013	Jan-13	12,697,901	24,631,605	134,819,787	172,149,293
2013	Feb-13	14,013,708	37,751,657	(13,820,399)	37,944,965
2013	Mar-13	42,184,040	77,119,050	92,238,700	211,541,790
2013	Apr-13	83,384,290	143,970,221	244,725,022	472,079,534
2013	May-13	17,592,485	24,645,365	3,033,336	45,271,185
2013	Jun-13	20,229,109	18,646,466	302,354,697	341,230,272
FY 2013 Total		641,932,517	1,040,525,465	331,766,143	2,014,224,125

FY	Month	Franchise Return	Excise Return	Net Estimated Payments	Reported Total
2014	Jul-13	34,538,002	121,328,747	(89,337,993)	66,528,755
2014	Aug-13	23,493,846	35,107,726	(26,946,250)	31,655,323
2014	Sep-13	97,849,514	198,430,981	(19,196,225)	277,084,270
2014	Oct-13	231,161,623	400,009,346	(587,942,518)	43,228,451
YTD-Jul 13 thru Oct-13		387,042,985	754,876,800	(723,422,986)	418,496,799
2014	Nov-13	50,078,867	71,596,808	(87,024,364)	34,651,311
2014	Dec-13	36,957,768	66,926,206	95,663,489	199,547,462
2014	Jan-14	26,435,622	30,084,111	83,150,464	139,670,197
2014	Feb-14	15,967,276	24,417,219	(2,270,617)	38,113,879
2014	Mar-14	48,029,819	68,850,377	71,343,409	188,223,605
2014	Apr-14	85,164,839	126,840,089	247,123,560	459,128,489
2014	May-14	21,922,043	30,649,115	(6,062,319)	46,508,839
2014	Jun-14	15,638,975	22,713,975	290,755,485	329,108,434
FY 2014 Total		687,238,195	1,196,954,700	(30,743,879)	1,853,449,015
2015	Jul-14	30,398,863	149,033,591	(110,956,514)	68,475,939
2015	Aug-14	29,902,427	41,311,672	(36,629,557)	34,584,541
2015	Sep-14	110,332,720	173,782,799	34,382,180	318,497,698
2015	Oct-14	225,936,479	385,523,895	(584,640,584)	26,819,791
YTD-Jul 14 thru Oct-14		396,570,488	749,651,957	(697,844,476)	448,377,969
2015	Nov-14				0
2015	Dec-14				0
2015	Jan-15				0
2015	Feb-15				0
2015	Mar-15				0
2015	Apr-15				0
2015	May-15				0
2015	Jun-15				0
FY 2015 Total		396,570,488	749,651,957	(697,844,476)	448,377,969

Note: Totals may differ because of rounding

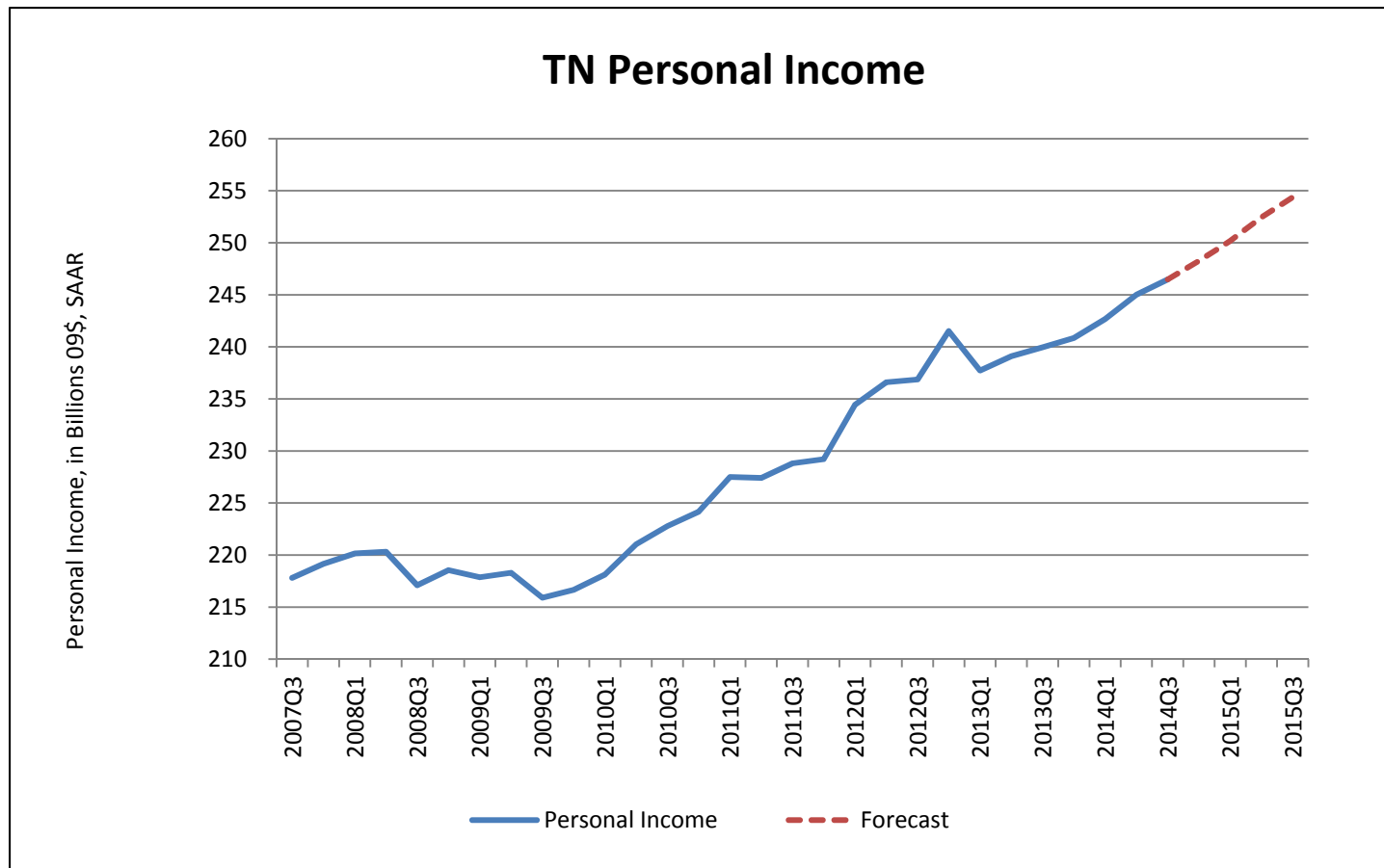
# Tennessee Employment

- Temporary weakness in employment
- Continued job growth expected over the forecast horizon, led by construction and manufacturing



# Tennessee Personal Income

- Personal income gains of 1.39% for FY 2014
- Personal income gains of 3% are expected for FY 2015, led by growth in wages and salaries





**TENNESSEE DEPARTMENT OF REVENUE COLLECTION ESTIMATES**  
**STATE FUNDING BOARD MEETING - 12/11/2014**  
**Accrual year basis (USD)**

**SOURCE OF REVENUE**

Department of Revenue	official	official	FY 2015		FY 2016	
	Accrual Revenues FY 2014	Revenue Estimates FY2015	Revised Estimates FY 2015	% change <sup>2</sup> over FY 2014	Revenue Estimates FY 2016	% change <sup>2</sup> over FY 2015
	Actual					
Sales and Use Tax	\$7,286,200,000	\$7,515,100,000	\$7,662,900,000	5.17%	\$7,881,300,000	2.85%
Gasoline Tax	617,100,000	614,800,000	631,800,000	2.38%	639,600,000	1.23%
Motor Fuel Tax	162,800,000	163,500,000	166,500,000	2.27%	171,600,000	3.06%
Gasoline Inspection Tax	63,200,000	63,700,000	64,300,000	1.74%	65,300,000	1.56%
Motor Vehicle Registration Tax	250,200,000	264,100,000	254,800,000	1.84%	258,700,000	1.53%
Income Tax	239,300,000	264,100,000	255,300,000	6.69%	269,100,000	5.41%
Privilege Tax <sup>1</sup>	262,100,000	309,900,000	280,400,000	6.98%	295,600,000	5.42%
Gross Receipts Tax - TVA	331,900,000	332,100,000	346,800,000	4.49%	361,400,000	4.21%
Gross Receipts Tax - Other	27,200,000	30,500,000	28,600,000	5.15%	29,600,000	3.50%
Beer Tax	17,100,000	18,500,000	17,300,000	1.17%	17,400,000	0.58%
Alcoholic Beverage Tax	54,900,000	57,400,000	57,200,000	4.19%	59,500,000	4.02%
Franchise & Excise Tax	1,858,600,000	1,904,300,000	1,914,500,000	3.01%	1,983,100,000	3.58%
Inheritance and Estate Tax	107,700,000	70,000,000	80,900,000	-24.88%	34,100,000	-57.85%
Tobacco Tax	260,300,000	269,100,000	252,900,000	-2.84%	247,400,000	-2.17%
Motor Vehicle Title Fees	11,400,000	12,200,000	11,700,000	2.63%	11,900,000	1.71%
Mixed Drink Tax	77,100,000	76,700,000	83,100,000	7.78%	88,700,000	6.74%
Business Tax	114,800,000	148,900,000	148,600,000	29.44%	142,700,000	-3.97%
Severance Tax	2,500,000	2,700,000	2,600,000	4.00%	2,600,000	0.00%
Coin-operated Amusement Tax	300,000	-	300,000	0.00%	300,000	0.00%
Unauthorized Substance Tax	-	-	-	-	-	-
<b>Total Department of Revenue</b>	<b>\$11,744,700,000</b>	<b>\$12,117,600,000</b>	<b>\$12,260,500,000</b>	<b>4.39%</b>	<b>\$12,559,900,000</b>	<b>2.44%</b>
<b>General Fund Only</b>	<b>\$9,744,400,000</b>	<b>\$10,053,800,000</b>	<b>\$10,192,500,000</b>	<b>4.60%</b>	<b>\$10,438,100,000</b>	<b>2.41%</b>

<sup>1</sup>Privilege excludes \$43.0 million dollar earmark not included by F&A

<sup>2</sup>Percent change in revenue for each tax is the calculated percentage change *after* rounding to nearest \$100,000



# Definitions and Sources

- SAAR = Seasonally Adjusted Annualized Rate
- FY = Fiscal Year
- TN = Tennessee
- Data Sourced From:
  - Moody's (Fall, 2014)
  - BEA (Fall, 2014)
  - BLS (Fall, 2014)
  - TN Department of Revenue (Fall, 2014)
  - TN Department of Finance & Administration (Fall, 2014)